

## Proffer Fund

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Developer contributions, known as proffers, remain a source of funding for capital facilities. Proffers are typically cash amounts, dedicated land, and/or in-kind services that are voluntarily granted to the County to partially offset the future capital facility costs associated with specific land developments. Proffer contributions are typically obtained for rezonings (changes in the use of land) that result in land use patterns that may generate significant capital facility costs. For example, if a developer is awarded a rezoning that changes the use of land parcels from commercial to residential use, housing units will more than likely be constructed on the parcels in the future. The new residential units will generate the need for County services and capital facilities such as schools, parks, libraries and other facilities. Therefore, the development community offers contributions to help offset these future capital costs. The County maintains an inventory of all forms of proffers. Cash proffers accrue to the Public Facilities Trust Fund.

The General Accounting Standards Board issued the account-reporting standard for local governments (GASB34) in 2001, and since FY 02 the County has been required to budget proffer funds and report them in the County's Annual Financial Report. In the past, proffers had been reported as transfers from the Public Facilities Trust Fund to a particular capital project. The County began to budget appropriated proffers in FY 03 in the Proffer Fund.

Currently, land proffers are budgeted at a pre-zoned assessed value with the final value of the land proffer established at the time of conveyance. In-kind proffers are budgeted at an estimated value based on current construction market trends. The value of the in-kind asset will be verified at the time the work is completed. The cash proffers are budgeted in the Proffer Fund and shown as transfers in the Capital Projects Fund.

At the January 2005 business meeting, the Board of Supervisors initiated a Comprehensive Plan Amendment (CPAM) which included a policy recommended for revision, the "Valuation Credit Methodology for Proffered Land Sites." In May 2006 the Planning Commission voted to recommend approval of the CPAM policy amendments to the Board of Supervisors. This CPAM is scheduled for the Board of Supervisors' Public Hearing June 14, 2006. Per this policy, land proffers will be valued at market rate for proffered Capital Facilities contributions. Based on this methodology, in the FY 07 – FY 12 Adopted Capital Plan, 12.76 percent of the total CIP's projected expenditures are from land proffers totaling \$81.61 million over the six-year plan.

### **History of the Proffer Fund:**

In FY 03, \$1.1 million in cash proffers were adopted to finance the purchase of six MH/MR/SA townhouses/condos to serve mental health customers; \$450,000 in cash proffers were adopted to construct the final phase of the Loudoun Heritage Farm Museum project; and \$6.8 million in land proffers were adopted for two high school sites. During the FY 04 budget deliberations, the Board of Supervisors took action to defer the purchase of four MH/MR/SA townhouses/condos previously scheduled for FY 03. The FY 03 appropriation was reduced to \$500,000 to purchase two facilities in FY 04. The remaining two facilities were deferred to the FY 05 budget cycle. In FY 06, a combination of cash proffers totaling \$2.7 million were designated for the purchase of two residential facilities and one road intersection design project. In FY 07 land and in-kind proffers are used for a human services facility, a district park, a library and schools.

### **FY07 Proffer Fund:**

ES-18 South Riding Station Elementary School  
South Riding Stn ZMAP 20010010 \$6,300,000

MR Group Home, Round Hill  
Round Hill Assoc ZMAP 19890004 \$230,000

ES-19 Ashburn Area Elementary School  
One Loudoun Ctr ZMAP 20050008 \$6,300,000

Brambleton District Park  
Brambleton (1) ZMAP 19930005 \$1,260,000

HS-6 Ashburn Area High School  
LV Estates II ZMAP 20020011 \$26,175,000

Gum Spring Library  
Stone Ridge ZCPA 20020004 \$8,000,000

### **Adopted Proffers:**

Fiscal Year	Cash Proffers	Land Proffers	In-Kind Proffers	Total
FY 07	\$0	\$48,265,000	\$0	\$48,265,000